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Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: Priority Theme: Addressing inequalities and challenges to social inclusion through fiscal, wage and social protection policies

Statement submitted by World Union of Small and Medium Enterprises, a non-governmental organization in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.

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Statement

An Innovative Approach for the financing of social protection policies, particularly of farmer- and crafts- families in less privileged economies.

Introduction, objective and purpose of the statement

There are an estimated 450 million smallholder farming households (representing 2 billion people) relying to various degrees on agricultural production for their livelihoods. They represent the largest client segment by livelihood of those living on less than $2 a day, though they significantly contribute to the well-being of the society.

Safeguarding the rights, interests, and competitiveness of Small and Medium Enterprises, including crafts and farms, is paramount for sustainable economic and social development and for the eradication of poverty, particularly of families running small farms and smaller enterprises in less developed countries. Additional funds are urgently needed for the financing of supporting programs. Our recommendations herein would decisively contribute to feasible solutions and the same time optimize government spending of taxes and limit government debt policy.

National Foundations for Economic Development and Crises Prevention (ECOFOUND)

We recommend that Civil Society Organizations safeguarding the rights, interests, and competitiveness of Smaller Enterprises and who enjoy Special Consultative Status at United Nations Economic and Social Council — ECOSOC) shall start with the registration of ECOFOUNDS as legal entities. Members shall be all persons who are obliged to collecting the VAT or comparable taxes for the Governments.

Basic sustainable financing of ECOFOUNDS shall be small parts of tax revenues (VAT, Finance Transaction Tax, Currency Transaction Tax). In order to achieve political acceptance, it is conditional to prove that such tax revenues are been allocated in accordance with tax optimization criteria, e.g. Pareto optimality. ECOFOUNDS shall be governed by SME Supporting National Organizations, e.g. Chambers of Commerce and other Entrepreneur- and International Associations. These foundations need a sustainable annual income for providing efficient services for the beneficiaries. Sources will be identified in a minimum percentage of the VAT collected by a Member Country, Funds of European Union Programmes (e.g. COSME, HORIZON), the IFC — International Finance Corporation, other Entrepreneur Organizations, and Charity Foundations.

Organizational Structure of ECOFOUNDS

ECOFOUNDS are entitled to manage the resources collected and distribute them in order to reach their ultimate purpose of providing support to SMEs and projects particularly related to farmer- and crafts- families. Based on legislation of the Member Country, ECOFOUNDS shall have the following main bodies: General Assembly (Members shall be Delegates of Chambers of Commerce, NGOs that have VAT paying members, and Consumer Organizations); Board of Directors to be appointed by the General Assembly; Chief Executives, appointed by the Board of Directors; and Control Board, appointed by the Government.

Closing Sentence

ECOFOUNDS are expected to have a significant impact in fostering the organic development of smaller and family-oriented businesses and protecting the small entrepreneurs and craftsmen who need most to advance in their activities, thus providing employment and employment opportunities.